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# Memorandum of Conversation

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DATE: August 1, 1957

SUBJECT: Report by Mr. Donald Lamm of a meeting at the Shoreham Building on the Volta River Project in Ghana.

PARTICIPANTS: Mr. Donald Lamm, Recently Consul General at Accra, now assigned to the Department.
AFS - Mr. C. Vaughan Ferguson, Jr., Director, Office of Southern Africa Affairs
- Mr. George D. LaMont
- Messrs. Donald Dumont and William R. Duggan

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Mr. Donald Lamm attended a meeting this morning at the Shoreham Building on the Volta River Project in Ghana. Other participants of this meeting included:

Mr. Earl Allen - Foreign Construction Company
Mr. Myron Cowen - Former U.S. Ambassador, associated with Ajax Construction Company
Mr. Tolbert - Tolbert Engineering Company
Mr. G. van B. Slagle - Winslow, Cohu and Stetson

According to Mr. Slagle, the option on the Volta River Project with Ghana ran out on July 18, 1957. Mr. Slagle sent a telegram to Prime Minister Nkrumah asking for an extension. The Prime Minister refused but stated that he was still interested in any offer Slagle and his associates might have to make. Mr. Slagle then wired Albert Enchia to make a personal appeal to the Prime Minister, saying that only about three more weeks' extension would be needed. Mr. Slagle said that there was a German consortium interested in this operation, but that he was not worried about them, because they didn't have the money. Mr. Cowen, however, didn't feel the same way. Mr. Slagle said he had approached various aluminum concerns in Germany and the indication was that they did not have the money and were not interested.

On the state-side of this: Slagle and his associates have broken with the Utah Construction Company. Utah spent five weeks on a survey and

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and then said they couldn't do it. Mr. Slagle said they had let him down and he didn't want anything more to do with Utah. Some sort of a survey has been made, and Slagle has figured that it will cost $450 million. This will be for an alumina plant in Kumasi and an aluminum plant at Tema, thereby eliminating the additional railroads. It will require power transmission lines costing about $1-1/2 million, according to International General Electric, which is pretty low. They would still have the dam and electric power facilities originally planned.

Earl Allen of the Foreign Construction Company is back again and is now in the forefront of this operation. Apparently Cowen feels highly about this group - they put up their own money. Allen will put in a million dollars in order to get the thing going. Other firms which are interested are International General Electric and Chrysler. Two or three other groups were mentioned, but there was no definite commitment. It was estimated that the equipment would cost about $200 million. Mr. Slagle has talked with someone at Export-Import Bank and he indicated that the Export-Import Bank was prepared, he thought, to put up about 80 percent of the $200 million. He did not mention the name of the Export-Import Bank person he contacted. If the Export-Import Bank puts up the money, International General Electric is interested in putting up 20 percent.

Mr. Flesher* of ICA indicated that ICA might be prepared to put up $67 million of the remaining balance, according to Mr. Slagle. That works out to be something like five percent of the overall. It was discussed on a percentage basis. Mr. Slagle said he is not worried about money now, he has the money sewed up. Allen said that whoever operated this must also be an investor. They were now dickering with U.S. Steel to see if any of their combines might be able to invest. It seems that U.S. Steel cannot go in now - perhaps in two or three years. It is important to find an operating company which would also invest.

On the political side, Mr. Slagle has seen Frances Bolton, who is prepared to approach the Vice President for a meeting. The plan is to go to the Vice President and let him know what companies were interested - International General Electric, Chrysler and others - and ask him to assure the Government of Ghana that these firms were reliable. Mr. Cowen did not go along with this idea, but suggested dealing with King - seeing him beforehand and explaining what this was all about. He suggested taking along Mr. Allen, a representative from International General

Electric,

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* Mr. Flesher is Assistant Deputy Director of ICA's Technical Services. A Mr. Arnold is Director.



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Electric, and someone from Chrysler - otherwise it would seem like a promotion scheme. Mr. Cowen also suggested that there be a State Department representative at this meeting and that what he should do is just ask the Vice President to express his interest to State and to ICA. Mr. Cowen wanted to know whether Seth Anthony should be approached. His partners suggested that Mr. Anthony could not commit for Ghana. Mr. Cowen thought the entire group should go, in order to show that these people were interested; he proposed setting up an appointment for Monday, August 5. Mr. Anthony should be asked to pass this information on to his Government. Mr. Cowen seems to be pushing this operation.

Mr. Lamm said that his contribution to this discussion was to say that the Department of State was very anxious to see things succeed in West Africa, that it definitely did not want the Iron Curtain in there, and that it was interested in seeing any successful American private interests in Ghana.

Mr. Tolbert asked about the stability of the country. Mr. Lamm said that Ghana's stability depended to a large measure on their having sufficient funds. He explained about Botsio and Nkrumah and the general political situation.

Mr. Cowen observed that the British could really throw a monkey wrench in the works. British participation should, therefore, be brought in. Mr. Slagle thought this could be arranged, if the British wanted to come in. British private firms were suggested rather than the British Government. They agreed on German interests. French interests were not considered. Suggested no approach to the Belgians.

Mr. Slagle asked Mr. Cowen if he would be prepared to go to see Mr. Anthony. Mr. Cowen said he would.

There was some talk about going to see the Prime Minister and taking people from International General Electric and others. Mr. Cowen said they should not go unless they have an option.

Mr. Slagle mentioned that the cost of aluminum would be about 7-1/2 cents rather than 12 cents, or more.

Mr. Lamm said that Mr. Slagle was quite different from previous meetings, and he gave a much better impression of himself than he had in conversations Mr. Lamm had had with him in Accra. Mr. Lamm felt that Mr. Slagle was able to back up his statements about International General Electric and Chrysler support.

Mr. Lamm did not mention the Aluminum Company of Canada or any other interests, and he wasn't asked.

Attachment: Postscript

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August 2, 1957

Postscript:

After first talking with Bob Brewster of John Hollister's office, I phoned Mr. FLESHER, the man with whom Slagle talked a few days ago. Slagle came in to see Mr. Flesher with the Washington representative of International General Electric, Mr. Wernecke. Mr. Wernecke had nothing to say during this talk.

Mr. Flesher said no one mentioned the sum of 60 or 67 million dollars. He did tell Slagle that if private capital were prepared to go into such an undertaking, ICA would not wish to be unsympathetic. He spoke in general terms of the economic development envisaged in the Mutual Security legislation now before Congress and thought that some money might conceivably be available therefrom to serve as a catalyst to support this kind of project, i.e., to support private capital in an underdeveloped country like Ghana. In such a project ICA might be willing to make a loan to Ghana provided Ghanaian Government capital were also part of the project; such a loan would be for necessary social services involved in the project. It would be repayable from whatever royalties the Government received.

However, Mr. Flesher pointed out to Mr. Slagle that the economic development funds request was still before Congress and even if passed, there would be calls for this kind of aid from many quarters. He indicated to me that since 60 or 67 million dollars was a very large percentage (more than 10%) of the fund, it was most unlikely any such sum could be obtained for a project like the Volta scheme.

Mr. Blowers of Eximbank made inquiry for me during August 2nd and said he could find no one who had received or talked with Mr. Slagle. He did not ask Sam Waugh but was sure Sam would have made no commitment on a venture like this to the tune of $160 million.

Blowers will call us if he learns anything.

Donald Dumont
Officer in Charge
West Africa Affairs

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